

News

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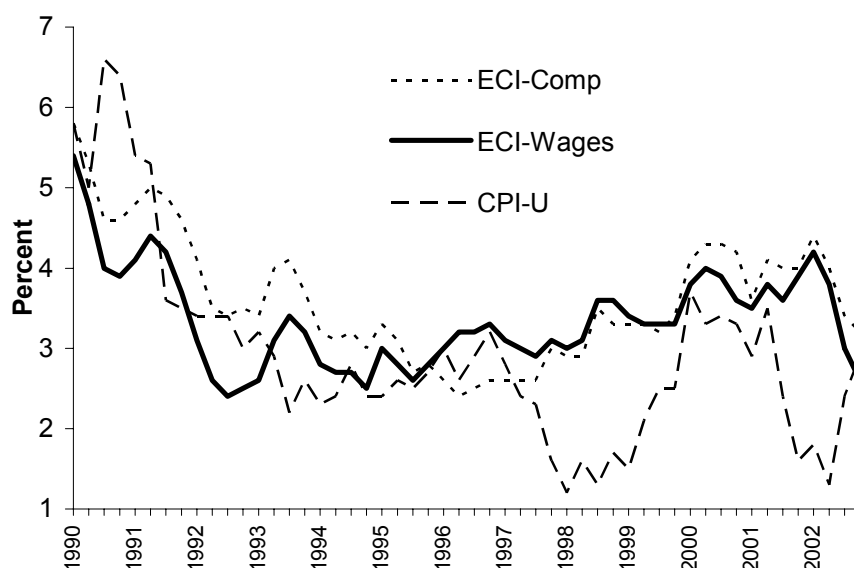
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EMPLOYMENT COST INDEX FOR THE NORTHEAST – DECEMBER 2002

The Employment Cost Index (ECI) for total compensation for private nonfarm workers in the Northeast Region increased 3.2 percent over the year ended December 2002, the U.S. Department of Labor's Bureau of Labor Statistics reported today. Denis M. McSweeney, the Bureau's regional commissioner, noted that this was the smallest rate of increase since a similar advance in the third quarter of 1999. The ECI for wages and salaries, a component of the total index, was up 2.6 percent over the year—the smallest 12-month increase since a similar advance in September 1995.

Chart 1. Over-the-year percent change in the Employment Cost Indexes for private industry workers, compensation and wages and salaries, and the Consumer Price Index for All Urban Consumers, Northeast region, 1990-2002



December 2002 was the first 12-month period in over eight years that the increase in wages and salaries was lower than the rise in retail prices. The Consumer Price Index for All Urban Consumers (CPI-U) for the Northeast rose 2.9 percent since last December, 0.3 percentage point more than the increase in wages and salaries for the region, and 0.3 percentage point less than the increase in total compensation. The last time retail prices outpaced total compensation was March 1997. (See Chart 1.)

The increase in the CPI-U for the Northeast has been lower than that for the ECI over the last

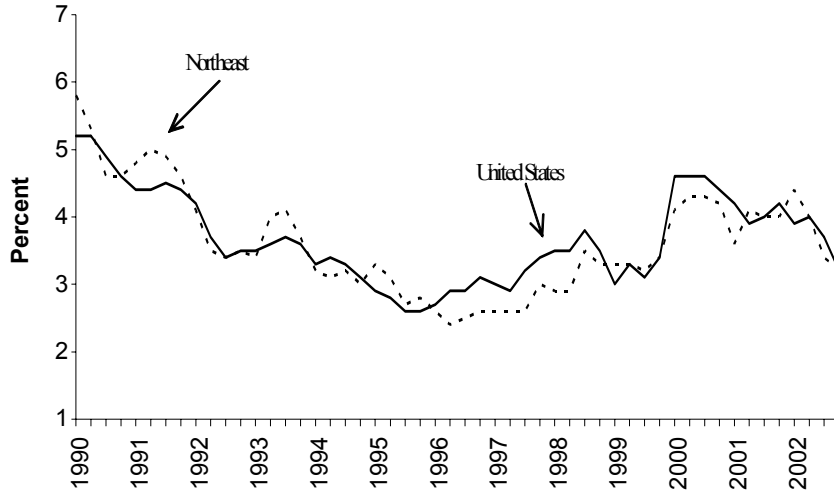
five years. Since December 1997, the CPI-U has increased 12.6 percent compared with 19.5 percent for the ECI for total compensation and 18.3 percent for wages and salaries.

Trends in Compensation Costs

The U.S. rate of increase in overall compensation for private industry workers was 3.2 percent in December 2002—the smallest 12-month increase since the third quarter of 1999. The over-the-year increases for the U.S. and the Northeast have generally trended together over the last decade, but there has been more volatility over the last four quarters in the Northeast. Since March 2002, the 12-month increases in the Northeast region ranged from 3.2 to 4.4 percent, while the range for the U.S. was 3.2 to 4.0 percent. (See table 1 and chart 2.)

The rate of increase for total compensation slowed in all four regions this quarter. Increases in compensation costs ranged from 2.8 percent in the South to 3.8 percent in the Midwest for the year ended December 2002. Compensation costs rose 3.2 percent in the Northeast and 3.5 percent in the West.

Chart 2. Over-the-year percent change in ECI for compensation, private industry workers, U.S. and Northeast census region, 1990-2002

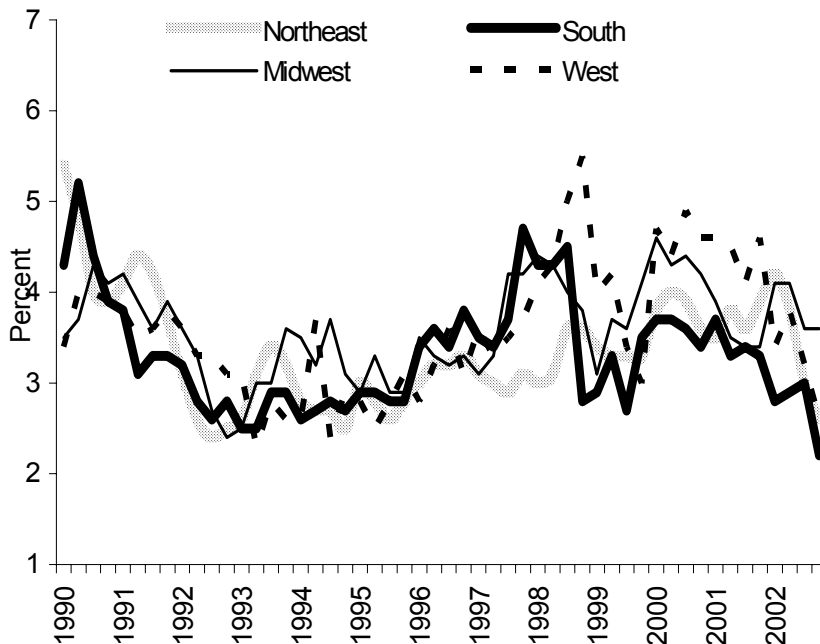


Components of Compensation Costs

Total compensation consists of wages and salaries along with employee benefits. Throughout the U.S., benefit costs increased 4.7 percent between December 2001 and December 2002, less than the 5.1 percent increase from December 2000 to December 2001.

The 12-month advance in wages and salaries in the U.S. was 2.7 percent, down from 3.2 percent in September. Among the four regions, increases in wages and salaries ranged from 2.2 percent in the South to 3.6 percent in the Midwest for the year ended 2002. Wages and salaries rose 2.6 percent in both the Northeast and the West. (See table 2 and chart 3.)

Chart 3. Over-the-year percent change in ECI for wages and salaries, private industry workers, census regions, 1990-2002



Data are also available for the United States as a whole on a seasonally adjusted basis. Over the last three months, the compensation costs index increased 0.7 percent, nearly identical to the 0.6 percent increase recorded in September. The wages and salaries index was up 0.4 percent, matching September's rate of increase. Benefit costs increased 1.2 percent, following a 1.0 percent gain in September 2002.

The Northeast Region includes Connecticut, Maine, Massachusetts, New Hampshire, New Jersey, New York, Pennsylvania, Rhode Island, and Vermont. The Employment Cost Index measures changes over time in wages and salaries and in total compensation for a standard mix of labor services. It is available in index number form (June 1989=100) permitting expanded use for wage and salary administration.

In addition to these regional data, a comprehensive national report is available that provides data by industry, occupational group, union status, and all metropolitan and non-metropolitan areas combined. This report also presents data for both private and state and local government employees. The report on the Employment Cost Index and further technical information may be obtained from the U.S. Bureau of Labor Statistics, The John F. Kennedy Federal Building, RM E310, 15 New Sudbury Street, Boston, Massachusetts, 02203 or via fax-on-demand at (617) 565-9167; request code 4110 for the text of the release, 4115 for tables 1 through 4, 4120 for tables 5 through 7, 4125 for table 8, and 4190 for explanatory notes. Requests may be faxed to (617) 565-4182. The release is also available on the World Wide Web at <http://www.bls.gov/ncs/ect/home.htm>. The ECI for March 2003 is scheduled to be released Tuesday, April 29, 2003, at 8:30 a.m. (EST).

TECHNICAL NOTE: The Employment Cost Index (ECI) is a measure of the change in the cost of labor, free from the influence of employment shifts among occupations and industries. The compensation series includes changes in wages and salaries and employer costs for employee benefits. The ECI wage and salary series is limited to changes in wage and salary rates, defined as straight-time average hourly earnings. Straight-time wage and salary rates are total earnings before payroll deductions, excluding premium pay for overtime, work on weekends and holidays, and shift differentials. Production bonuses, incentive earnings, commission payments, and cost-of-living adjustments are included in straight-time earnings, whereas nonproduction bonuses (such as Christmas or year-end bonuses) are excluded. Also excluded are such items as payments-in-kind, free room and board, and tips.

Since the March 1995 news release, ECI estimates are based on 1990 counts of occupational employment by industry, rather than on 1980 employment counts. The ECI sample is rotated over approximately five years to make it more representative and reduce respondent burden. The sample is replaced on a cross-area, cross-industry basis.

Seasonally adjusted indexes for 1997-2001 were revised with the March 2002 estimates to reflect updated seasonal factors. New seasonally adjusted factors for 2002 and revised seasonally adjusted indexes for the past five years are available on the Internet at <http://www.bls.gov/ect/home.htm> or upon request.

Table 1. Employment Cost Index for total compensation¹, private industry workers², United States and Census regions, 1989-2002, not seasonally adjusted

Month and year	U.S.	Index (June 1989=100)				3-month percent change					12-month percent change				
		North-east	South	Mid-west	West	U.S.	North-east	South	Mid-west	West	U.S.	North-east	South	Mid-west	West
1989-March	98.8	98.7	99.0	98.9	98.8	1.2	2.1	0.9	1.0	1.1	4.6	6.8	4.1	3.7	3.6
-June	100.0	100.0	100.0	100.0	100.0	1.2	1.3	1.0	1.1	1.2	4.5	6.6	3.4	4.0	3.8
-September	101.2	101.8	101.2	101.0	101.0	1.2	1.8	1.2	1.0	1.0	4.8	7.2	3.9	4.1	4.1
-December	102.3	102.9	102.2	101.9	101.8	1.1	1.1	1.0	0.9	0.8	4.8	6.4	4.2	4.1	4.2
1990-March	103.9	104.4	104.0	103.5	103.3	1.6	1.5	1.8	1.6	1.5	5.2	5.8	5.1	4.7	4.6
-June	105.2	105.3	105.7	104.8	104.5	1.3	0.9	1.6	1.3	1.2	5.2	5.3	5.7	4.8	4.5
-September	106.2	106.5	106.3	106.3	105.6	1.0	1.1	0.6	1.4	1.1	4.9	4.6	5.0	5.2	4.6
-December	107.0	107.6	106.9	107.1	106.3	0.8	1.0	0.6	0.8	0.7	4.6	4.6	4.6	5.1	4.4
1991-March	108.5	109.4	108.4	108.5	107.5	1.4	1.7	1.4	1.3	1.1	4.4	4.8	4.2	4.8	4.1
-June	109.8	110.6	109.8	109.7	108.9	1.2	1.1	1.3	1.1	1.3	4.4	5.0	3.9	4.7	4.2
-September	111.0	111.7	110.7	111.2	110.0	1.1	1.0	0.8	1.4	1.0	4.5	4.9	4.1	4.6	4.2
-December	111.7	112.5	111.2	112.2	110.9	0.6	0.7	0.5	0.9	0.8	4.4	4.6	4.0	4.8	4.3
1992-March	113.1	113.9	112.5	113.8	111.9	1.3	1.2	1.2	1.4	0.9	4.2	4.1	3.8	4.9	4.1
-June	113.9	114.5	113.3	114.6	112.9	0.7	0.5	0.7	0.7	0.9	3.7	3.5	3.2	4.5	3.7
-September	114.8	115.5	114.1	115.3	114.1	0.8	0.9	0.7	0.6	1.1	3.4	3.4	3.1	3.7	3.7
-December	115.6	116.4	114.8	116.1	114.9	0.7	0.8	0.6	0.7	0.7	3.5	3.5	3.2	3.5	3.6
1993-March	117.1	117.8	116.2	117.9	116.2	1.3	1.2	1.2	1.6	1.1	3.5	3.4	3.3	3.6	3.8
-June	118.0	119.1	117.0	119.3	116.4	0.8	1.1	0.7	1.2	0.2	3.6	4.0	3.3	4.1	3.1
-September	119.1	120.2	118.1	120.1	117.8	0.9	0.9	0.9	0.7	1.2	3.7	4.1	3.5	4.2	3.2
-December	119.8	120.7	118.8	121.2	118.1	0.6	0.4	0.6	0.9	0.3	3.6	3.7	3.5	4.4	2.8
1994-March	121.0	121.6	120.0	122.8	119.4	1.0	0.7	1.0	1.3	1.1	3.3	3.2	3.3	4.2	2.8
-June	122.0	122.8	120.8	123.6	120.5	0.8	1.0	0.7	0.7	0.9	3.4	3.1	3.2	3.6	3.5
-September	123.0	124.0	121.8	124.6	121.3	0.8	1.0	0.8	0.8	0.7	3.3	3.2	3.1	3.7	3.0
-December	123.5	124.3	122.5	125.0	121.7	0.4	0.2	0.6	0.3	0.3	3.1	3.0	3.1	3.1	3.0
1995-March	124.5	125.6	123.7	125.8	122.6	0.8	1.0	1.0	0.6	0.7	2.9	3.3	3.1	2.4	2.7
-June	125.4	126.6	124.3	126.9	123.4	0.7	0.8	0.5	0.9	0.7	2.8	3.1	2.9	2.7	2.4
-September	126.2	127.4	125.2	127.7	123.9	0.6	0.6	0.7	0.6	0.4	2.6	2.7	2.8	2.5	2.1
-December	126.7	127.8	125.6	128.3	125.0	0.4	0.3	0.3	0.5	0.9	2.6	2.8	2.5	2.6	2.7
1996-March	127.9	128.9	127.0	129.5	125.9	0.9	0.9	1.1	0.9	0.7	2.7	2.6	2.7	2.9	2.7
-June	129.0	129.7	127.8	130.7	127.3	0.9	0.6	0.6	0.9	1.1	2.9	2.4	2.8	3.0	3.2
-September	129.8	130.6	128.8	131.3	128.3	0.6	0.7	0.8	0.5	0.8	2.9	2.5	2.9	2.8	3.6
-December	130.6	131.1	129.7	132.1	128.9	0.6	0.4	0.7	0.6	0.5	3.1	2.6	3.3	3.0	3.1
1997-March	131.7	132.2	130.8	133.3	130.3	0.8	0.8	0.8	0.9	1.1	3.0	2.6	3.0	2.9	3.5
-June	132.8	133.1	131.5	134.7	131.4	0.8	0.7	0.5	1.1	0.8	2.9	2.6	2.9	3.1	3.2
-September	133.9	134.0	132.5	136.2	132.5	0.8	0.7	0.8	1.1	0.8	3.2	2.6	2.9	3.7	3.3
-December	135.1	135.0	134.6	136.9	133.4	0.9	0.7	1.6	0.5	0.7	3.4	3.0	3.8	3.6	3.5
1998-March	136.3	136.0	135.5	138.3	135.2	0.9	0.7	0.7	1.0	1.3	3.5	2.9	3.6	3.8	3.8
-June	137.5	137.0	136.4	139.6	136.6	0.9	0.7	0.7	0.9	1.0	3.5	2.9	3.7	3.6	4.0
-September	139.0	138.7	137.6	140.9	138.5	1.1	1.2	0.9	0.9	1.4	3.8	3.5	3.8	3.5	4.5
-December	139.8	139.5	138.1	141.4	140.0	0.6	0.6	0.4	0.4	1.1	3.5	3.3	2.6	3.3	4.9
1999-March	140.4	140.5	139.1	141.7	140.3	0.4	0.7	0.7	0.2	0.2	3.0	3.3	2.7	2.5	3.8
-June	142.0	141.5	140.7	143.6	142.1	1.1	0.7	1.2	1.3	1.3	3.3	3.3	3.2	2.9	4.0
-September	143.3	143.2	141.8	145.0	143.3	0.9	1.2	0.8	1.0	0.8	3.1	3.2	3.1	2.9	3.5
-December	144.6	144.3	143.0	146.3	144.7	0.9	0.8	0.8	0.9	1.0	3.4	3.4	3.5	3.5	3.4
2000-March	146.8	146.3	145.0	148.9	147.0	1.5	1.4	1.4	1.8	1.6	4.6	4.1	4.2	5.1	4.8
-June	148.5	147.6	146.7	150.7	148.8	1.2	0.9	1.2	1.2	1.2	4.6	4.3	4.3	4.9	4.7
-September	149.9	149.3	147.6	152.2	150.8	0.9	1.2	0.6	1.0	1.3	4.6	4.3	4.1	5.0	5.2
-December	150.9	150.3	148.6	153.3	151.8	0.7	0.7	0.7	0.7	0.7	4.4	4.2	3.9	4.8	4.9
2001-March	153.0	151.6	151.1	154.8	154.3	1.4	0.9	1.7	1.0	1.6	4.2	3.6	4.2	4.0	5.0
-June	154.5	153.7	152.3	156.0	156.0	1.0	1.4	0.8	0.8	1.1	4.0	4.1	3.8	3.5	4.8
-September	155.9	155.2	153.5	157.4	157.6	0.9	1.0	0.8	0.9	1.0	4.0	4.0	4.0	3.4	4.5
-December	157.2	156.3	154.6	158.6	159.4	0.8	0.7	0.7	0.8	1.1	4.2	4.0	4.0	3.5	5.0
2002-March	158.9	158.3	156.2	161.1	160.4	1.1	1.3	1.0	1.6	0.6	3.9	4.4	3.4	4.1	4.0
-June	160.7	159.9	157.6	162.6	162.9	1.1	1.0	0.9	0.9	1.6	4.0	4.0	3.5	4.2	4.4
-September	161.6	160.5	158.9	163.5	163.8	0.6	0.4	0.8	0.6	0.6	3.7	3.4	3.5	3.9	3.9
-December	162.3	161.3	159.0	164.6	165.0	0.4	0.5	0.1	0.7	0.7	3.2	3.2	2.8	3.8	3.5

¹ The index measures change in total compensation costs: wages, salaries, and employer costs for employee benefits.² Excludes self-employed, unpaid family members and private household employees.

Table 2. Employment Cost Index for wages and salaries only, private industry workers¹, United States and Census regions, 1989-2002, not seasonally adjusted

Month and year	U.S.	Index (June 1989=100)				3-month percent change					12-month percent change				
		North-east	South	Mid-west	West	U.S.	North-east	South	Mid-west	West	U.S.	North-east	South	Mid-west	West
1989-March	99.0	98.7	99.2	99.1	99.1	1.0	1.9	0.8	0.9	0.9	4.2	6.5	3.7	3.3	3.3
-June	100.0	100.0	100.0	100.0	100.0	1.0	1.3	0.8	0.9	0.9	4.1	6.4	2.9	3.6	3.4
-September	101.2	101.8	101.2	100.8	100.8	1.2	1.8	1.2	0.8	0.8	4.3	7.0	3.4	3.5	3.2
-December	102.0	102.9	102.1	101.6	101.4	0.8	1.1	0.9	0.8	0.6	4.1	6.2	3.8	3.5	3.3
1990-March	103.2	104.0	103.5	102.6	102.5	1.2	1.1	1.4	1.0	1.1	4.2	5.4	4.3	3.5	3.4
-June	104.5	104.8	105.2	103.7	104.0	1.3	0.8	1.6	1.1	1.5	4.5	4.8	5.2	3.7	4.0
-September	105.4	105.9	105.7	105.1	104.8	0.9	1.0	0.5	1.4	0.8	4.2	4.0	4.4	4.3	4.0
-December	106.1	106.9	106.1	105.8	105.4	0.7	0.9	0.4	0.7	0.6	4.0	3.9	3.9	4.1	3.9
1991-March	107.3	108.3	107.4	106.9	106.4	1.1	1.3	1.2	1.0	0.9	4.0	4.1	3.8	4.2	3.8
-June	108.4	109.4	108.5	107.7	107.6	1.0	1.0	1.0	0.7	1.1	3.7	4.4	3.1	3.9	3.5
-September	109.3	110.3	109.2	108.9	108.6	0.8	0.8	0.6	1.1	0.9	3.7	4.2	3.3	3.6	3.6
-December	110.0	110.9	109.6	109.9	109.4	0.6	0.5	0.4	0.9	0.7	3.7	3.7	3.3	3.9	3.8
1992-March	110.9	111.7	110.8	110.7	110.2	0.8	0.7	1.1	0.7	0.7	3.4	3.1	3.2	3.6	3.6
-June	111.6	112.2	111.5	111.3	111.1	0.6	0.4	0.6	0.5	0.8	3.0	2.6	2.8	3.3	3.3
-September	112.2	113.0	112.0	111.8	112.2	0.5	0.7	0.4	0.4	1.0	2.7	2.4	2.6	2.7	3.3
-December	112.9	113.7	112.7	112.5	112.8	0.6	0.6	0.6	0.6	0.5	2.6	2.5	2.8	2.4	3.1
1993-March	113.9	114.6	113.6	113.5	113.6	0.9	0.8	0.8	0.9	0.7	2.7	2.6	2.5	2.5	3.1
-June	114.6	115.7	114.3	114.6	113.7	0.6	1.0	0.6	1.0	0.1	2.7	3.1	2.5	3.0	2.3
-September	115.7	116.8	115.3	115.2	115.3	1.0	1.0	0.9	0.5	1.4	3.1	3.4	2.9	3.0	2.8
-December	116.4	117.3	116.0	116.5	115.7	0.6	0.4	0.6	1.1	0.3	3.1	3.2	2.9	3.6	2.6
1994-March	117.2	117.8	116.6	117.5	116.6	0.7	0.4	0.5	0.9	0.8	2.9	2.8	2.6	3.5	2.6
-June	118.1	118.8	117.4	118.3	117.9	0.8	0.8	0.7	0.7	1.1	3.1	2.7	2.7	3.2	3.7
-September	119.1	120.0	118.5	119.5	118.1	0.8	1.0	0.9	1.0	0.2	2.9	2.7	2.8	3.7	2.4
-December	119.7	120.2	119.1	120.1	119.0	0.5	0.2	0.5	0.5	0.8	2.8	2.5	2.7	3.1	2.9
1995-March	120.6	121.3	120.0	120.9	119.9	0.8	0.9	0.8	0.7	0.8	2.9	3.0	2.9	2.9	2.8
-June	121.5	122.1	120.8	122.2	120.9	0.7	0.7	0.7	1.1	0.8	2.9	2.8	2.9	3.3	2.5
-September	122.4	123.1	121.8	123.0	121.4	0.7	0.8	0.8	0.7	0.4	2.8	2.6	2.8	2.9	2.8
-December	123.1	123.6	122.4	123.6	122.7	0.6	0.4	0.5	0.5	1.1	2.8	2.8	2.8	2.9	3.1
1996-March	124.4	124.9	124.1	125.1	123.3	1.1	1.1	1.4	1.2	0.5	3.2	3.0	3.4	3.5	2.8
-June	125.6	126.0	125.1	126.2	124.8	1.0	0.9	0.8	0.9	1.2	3.4	3.2	3.6	3.3	3.2
-September	126.5	127.0	126.0	126.9	125.8	0.7	0.8	0.7	0.6	0.8	3.3	3.2	3.4	3.2	3.6
-December	127.3	127.7	127.0	127.7	126.5	0.6	0.6	0.8	0.6	0.6	3.4	3.3	3.8	3.3	3.1
1997-March	128.6	128.8	128.5	129.0	127.7	1.0	0.9	1.2	1.0	0.9	3.4	3.1	3.5	3.1	3.6
-June	129.7	129.8	129.4	130.4	128.9	0.9	0.8	0.7	1.1	0.9	3.3	3.0	3.4	3.3	3.3
-September	131.0	130.7	130.6	132.2	130.2	1.0	0.7	0.9	1.4	1.0	3.6	2.9	3.7	4.2	3.5
-December	132.3	131.6	133.0	133.0	131.2	1.0	0.7	1.8	0.6	0.8	3.9	3.1	4.7	4.2	3.7
1998-March	133.7	132.6	134.0	134.7	132.9	1.1	0.8	0.8	1.3	1.3	4.0	3.0	4.3	4.4	4.1
-June	134.9	133.8	134.9	136.0	134.5	0.9	0.9	0.7	1.0	1.2	4.0	3.1	4.3	4.3	4.3
-September	136.6	135.4	136.5	137.5	136.7	1.3	1.2	1.2	1.1	1.6	4.3	3.6	4.5	4.0	5.0
-December	137.4	136.4	136.7	138.0	138.4	0.6	0.7	0.1	0.4	1.2	3.9	3.6	2.8	3.8	5.5
1999-March	138.1	137.1	137.9	138.9	138.2	0.5	0.5	0.9	0.7	-0.1	3.3	3.4	2.9	3.1	4.0
-June	139.7	138.2	139.4	141.0	140.2	1.2	0.8	1.1	1.5	1.4	3.6	3.3	3.3	3.7	4.2
-September	141.0	139.9	140.2	142.4	141.3	0.9	1.2	0.6	1.0	0.8	3.2	3.3	2.7	3.6	3.4
-December	142.2	140.9	141.5	143.6	142.6	0.9	0.7	0.9	0.8	0.9	3.5	3.3	3.5	4.1	3.0
2000-March	143.9	142.3	143.0	145.3	144.7	1.2	1.0	1.1	1.2	1.5	4.2	3.8	3.7	4.6	4.7
-June	145.4	143.7	144.6	147.1	146.3	1.0	1.0	1.1	1.2	1.1	4.1	4.0	3.7	4.3	4.4
-September	146.8	145.3	145.3	148.6	148.2	1.0	1.1	0.5	1.0	1.3	4.1	3.9	3.6	4.4	4.9
-December	147.7	146.0	146.3	149.6	149.2	0.6	0.5	0.7	0.7	0.7	3.9	3.6	3.4	4.2	4.6
2001-March	149.4	147.3	148.3	150.9	151.3	1.2	0.9	1.4	0.9	1.4	3.8	3.5	3.7	3.9	4.6
-June	150.9	149.2	149.3	152.3	152.9	1.0	1.3	0.7	0.9	1.1	3.8	3.8	3.3	3.5	4.5
-September	152.1	150.6	150.2	153.6	154.3	0.8	0.9	0.6	0.9	0.9	3.6	3.6	3.4	3.4	4.1
-December	153.3	151.7	151.2	154.7	156.0	0.8	0.7	0.7	0.7	1.1	3.8	3.9	3.3	3.4	4.6
2002-March	154.7	153.5	152.5	157.1	156.4	0.9	1.2	0.9	1.6	0.3	3.5	4.2	2.8	4.1	3.4
-June	156.3	154.9	153.6	158.5	158.7	1.0	0.9	0.7	0.9	1.5	3.6	3.8	2.9	4.1	3.8
-September	157.0	155.1	154.7	159.2	159.3	0.4	0.1	0.7	0.4	0.4	3.2	3.0	3.0	3.6	3.2
-December	157.5	155.7	154.6	160.2	160.1	0.3	0.4	-0.1	0.6	0.5	2.7	2.6	2.2	3.6	2.6

¹Excludes self-employed, unpaid family members and private household employees.